

The impact of growing up poor in the EU

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Abstract

This paper examines the causal channels through which growing up poor affects the individual's economic outcomes as an adult. We use a propensity score matching method to select a control group of non-treated individuals. The matched samples of poor and non-poor children are then used to assess impacts on adulthood outcomes, primarily income level and poverty risk (EU definition). The analysis is based on a wide-ranging cross-country comparison (27 EU countries) using EU-SILC data. For the specific purpose of this paper we use the module on intergenerational transmission of 2005 and 2011, where retrospective questions about parental characteristics (such as education, age, occupation) were asked. We find that being poor in childhood significantly decreases the level of income in adulthood (of 7.5 percentage points on average), increasing the average probability of being income poor by 4%.